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SUBJECT: FEDERAL LIBERALS SURVIVE CRITICAL TEST IN LABRADOR  
BY-ELECTION

REF: 04 HALIFAX 210

1. Summary: Prime Minister Paul Martin and the governing Liberals have added one more seat to their ranks in the House of Commons with their win in a federal by-election. A key issue in the Labrador campaign, which saw a string of national political figures on the stump in the huge but sparsely-populated riding, was the future of the airbase at Goose Bay. END SUMMARY

2. In one of the most closely watched contests in recent years, the Martin government got a shot in the arm with a decisive victory (51.5% of approximately 11,000 votes cast) in the May 24 federal by-election in the riding of Labrador. The win by Liberal candidate Todd Russell was vitally important to the minority government that is dependent upon every single vote to ensure its survival in the House of Commons. The victory was not, however, unexpected: Liberals have only lost the Labrador riding once, in 1968. Russell's victory means a new configuration in the House of Commons so that with the continued support of the NDP the Martin government now has more assurance of survival in the coming months.

3. The prospect that the political scene could have been much different if Russell's closest rival, Conservative Graham Letto, had won the by-election meant that an inordinate amount of attention focused on the riding and its 25,000 inhabitants. Given the high stakes, as one of our Labrador contacts quipped: "there was no hand left unshaken, no baby un-kissed nor any favors un-promised," as a steady stream of political heavyweights turned up on the campaign trail. On the Liberal side Tory-turned-Liberal Belinda Stronach was one of several cabinet ministers who showed up to support Russell's campaign, while Conservative leader Stephen Harper and deputy leader Peter MacKay were both on hand to campaign for Letto. There was also no shortage of issues, chief among them the revitalization of the Goose Bay Air Base, which the Liberals and Conservatives both pledged to support.

4. COMMENT: While Russell's victory has prompted the Ottawa pundits and strategists to begin a new round of scenario building for the future of the Liberals, for the voters of Labrador the future is focused on one key issue: what becomes of the Goose Bay Air Force Base, which Ambassador Cellucci visited in August 2004 (reftel). With unemployment near 20% in the riding, there will be no danger of the issue fading away, especially since the provincial government has been campaigning aggressively for Ottawa to invest in the base's future. END COMMENT.

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SIGNATURE